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Recent Development

RECENT DEVELOPMENTS IN PATENT LAW

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I. Adequacy of Description Depends on Content: *In re Hayes Microcomputer Products, Inc. Patent Litigation*¹

The Federal Circuit held that disclosing a microprocessor capable of performing certain functions is sufficient to satisfy the requirement of 35 U.S.C. § 112, first paragraph, when one skilled in the relevant art would understand what is intended and know how to carry it out.² Ven-Tel, Inc. ("Ven-Tel") filed *60 a suit for declaratory judgment against Hayes Microcomputer Products, Inc. ("Hayes") for a declaration of invalidity and noninfringement of a patent assigned to Hayes, covering a mechanism for controlling the mode of operation of a modem. The district court found that the patent was valid and willfully infringed.³

Ven-Tel argued on appeal that the patent was invalid for failing to meet the written description requirement of 35 U.S.C. § 112.⁴ More specifically, Ven-Tel argued that the "timing means" was not described in the specification. Ven-Tel contended that Hayes maintained the timing means as a trade secret. Ven-Tel first argued that "timing means" referred to a software timer, the structure of which was not disclosed. An identified microprocessor was disclosed as the location of the timing means. The Federal Circuit found that the evidence supported the conclusion that one skilled in the art would understand that the timing means of the invention is incorporated within the structure of the microprocessor.⁵

The Federal Circuit stated that one skilled in the art would know how to program a microprocessor to perform the necessary steps described in the specification, reasoning that an inventor is not required to describe every detail of his invention. Disclosure of the actual program or software is not necessarily required to provide an enabling specification.⁶ The Federal Circuit stated that no length requirements exist for a disclosure to adequately describe an invention and that although some inventions require more disclosure, the adequacy of the description depends on its content in relation to the particular invention and not its length.⁷

II. Federal Circuit's Infringement/Invalidity Practice Overturned by Supreme Court: *Cardinal Chemical Co. v. Morton International, Inc.*⁸

The Supreme Court ruled on the question of whether the affirmance by the Court of Appeals for the Federal Circuit of a finding that a patent has not been infringed is a sufficient reason for vacating a declaratory judgment holding the patent invalid. Petitioners in this case, the alleged infringers, filed a petition for certiorari on the ground that the Federal Circuit had erred in applying a *per se* rule to what should be a discretionary matter. The respondents did not oppose the grant of certiorari, but instead pointed out that it also had an interest in having the validity issue adjudicated.⁹ The Supreme Court held that a finding that a patent has not been infringed is not a *per se* sufficient reason for vacating a declaratory judgment holding the patent invalid.¹⁰

In 1983, Morton filed an action in the United States District Court for the district of Southern California alleging that petitioners, Cardinal Chemical Company and its affiliates (Cardinal), had infringed its patents. Morton filed two other actions against alleged infringers of the same patents in the Eastern District of Louisiana and the District of Delaware. The defendants in both cases, like Cardinal, filed counterclaims for declaratory judgments that the patents were invalid. The district courts in Louisiana and the Southern District of California concluded that the patentee had failed to prove infringement and that *61 the defendant-counterclaimant had proved by clear and convincing evidence that both patents were invalid.¹¹

On appeal to the Federal Circuit, Morton challenged both the dismissal of the infringement claim and the judgment of invalidity. The Federal Circuit affirmed the finding of no infringement, but vacated the judgment of invalidity in both cases. The Federal Circuit stated that since they affirmed the district court's holding that the patents were not infringed, it did not need to address the question of validity and accordingly vacated the holding of invalidity.¹² The practice of the Federal Circuit was to "uniformly declare that the issue of patent validity is "moot" if it affirmed a District Court's finding of noninfringement and if, as in the usual case, the dispute between the parties did not extend beyond the patentee's particular claim of infringement."¹³

The Supreme Court stated that "[i]t was equally clear that the Federal Circuit, even after affirming the finding of noninfringement, had jurisdiction to consider Morton's appeal from the declaratory judgment of invalidity."¹⁴ The Supreme Court declared that "[t]he Federal Circuit's decision to rely on one of two possible alternative grounds (noninfringement rather than invalidity) did not strip it of power to decide the second question, particularly when its decree was subject to the review of the Supreme Court."¹⁵ The Supreme Court held that an affirmance of noninfringement alone, did not justify the Federal Circuit's practice of vacating a judgment of invalidity.¹⁶ Accordingly, the Supreme Court vacated the judgment of the Federal Circuit and remanded the case for further proceedings consistent with its opinion.¹⁷

In this case, the Supreme Court reiterated its opinion that of the two questions of infringement and validity, validity has greater public importance.¹⁸ The Supreme Court's prior cases identified a strong public interest in the finality of judgments and patent litigation. The Supreme Court stated that the Federal Circuit's practice ". . . prolongs the life of invalid patents, encourages endless litigation (or at least uncertainty) over the validity of outstanding patents, and thereby vitiates the rule announced in *Blonder-Tongue*."¹⁹

III. Obviousness in Design Patents: *L.A. Gear, Inc. v. Thom McAn Shoe Co.*²⁰

L.A. Gear, Inc. ("L.A. Gear") designed a line of women's and girl's athletic shoes called "Hot Shots". A design patent was granted regarding these shoes.²¹ L.A. Gear sued Thom McAn Shoe Company ("Thom McAn") for infringement of its design patent and unfair competition in response to shoes sold by Thom McAn.²²

The Federal Circuit held that in applying the law of 35 U.S.C. § 103 to the particular facts pertinent to a patented design, obviousness *vel non* is reviewed from the view point of a designer of ordinary skill *62 or capability in the field to which the design pertains.²³ As with utility patents, obviousness is not determined as if the designer had hindsight knowledge of the patented design. In an obviousness analysis for a design patent, the first step in the analysis is a determination of whether there is a reference to something in existence, having design characteristics which are basically the same as the claimed design. In a design patent, the individual elements and the ornamental quality of the combination must be suggested in the prior art in order to make an obviousness determination.²⁴

The Federal Circuit went on to declare that design patent infringement requires a showing that the accused design is substantially the same as the claimed design. The criterion is deception of the ordinary observer, such that one design would be confused with the other.²⁵ In conducting such an analysis, the patented design is viewed in its entirety. As with other patented inventions, references may be made to the prior art and the prosecution history in order to give appropriate weight to the factors that contributed to patentability.²⁶ While the accused design must appropriate the novelty that distinguished the

patented design from the prior art, the ultimate question requires determination of whether or not the effect of the whole design is substantially the same.²⁷

IV. Patent Application Documents Protected from Discovery: *Rohm & Haas Co. v. Brotech Corp.*²⁸

In a patent infringement case, defendant, Brotech Corporation moved to compel the production of a portion of an affidavit filed in connection with a patent application. The document was found in an attorney's file and included "yellow highlighting of passages of the affidavit that the attorney, . . . , thought were pertinent to certain non-infringement arguments being made by another company."²⁹ The plaintiff, Rohm and Haas, argued that the document revealed the attorney's thought processes in connection with potential litigation with another company and was protected from discovery under the work product doctrine.³⁰ The district court agreed that the highlighting reflected thought processes of an attorney in connection with a matter for which he was providing advice and services to his client and should be protected from disclosure, either under attorney-client privilege or as work product.³¹

Additionally, plaintiff also withheld a draft of a patent application. The document in question included handwritten notes by an attorney. The district court stated that the fact that a document is a draft of what would become a public document does not mean that the communications relating to the draft should not be protected from disclosure.³² The district court also declared that drafts often contain information and communications relating to the subject matter of the document, including, for example, proposed material to be included, suggested additions and deletions, and comments on the content, all of which are intended to be considered confidential between the attorney and the client and not intended for public disclosure.³³ Additionally, the district court said that notes on the draft also should be protected because they appeared to reflect the attorney's analysis of the approach taken by the inventor in the *63 draft.³⁴ As a result, the district court also found this document should be protected from disclosure by attorney-client privilege.³⁵

V. Reasonable Royalty Determined from Start of Infringement: *Wang Laboratories, Inc. v. Toshiba Corp.*³⁶

In a patent infringement case, the district awarded damages to Wang Laboratories, Inc. ("Wang") based on stipulated total infringing sales and a reasonable royalty rate assuming hypothetical royalty negotiations. The Federal Circuit found that the district court abused its discretion in determining a reasonable royalty rate.³⁷ The district court had chosen January, 1990 as the date when hypothetical negotiations were to begin rather than April, 1987, when the patent-in-suit issued. The district court had set the date of hypothetical negotiations at January, 1990, the date Wang gave notice of infringement.³⁸ Wang had argued that the negotiations should have been hypothesized at the start of the infringement, i.e., when both a patent had issued and the accused products were sold. The Federal Circuit agreed with Wang in reversing that portion of the district court's judgment awarding damages at a 2.75% royalty rate.³⁹

VI. Obviousness of DNA Sequences from a Known Protein Structure: *In re Bell*⁴⁰

The Federal Circuit declared that an established relationship in genetic code between nucleic acid and a protein does not make the nucleic acid *prima facie* obvious over the protein. Applicants' patent application included claims to nucleic acid molecules containing human sequences which code for human insulin-like growth factors. The examiner had rejected the claims as obvious under the combined teachings of two references, Rinderknecht and Weissman, reasoning that it would have been obvious from the teaching of Weissman to prepare probes based on the Rinderknecht amino acid sequences to obtain the claimed nucleic acid molecules.⁴¹ The Board affirmed the rejection, reasoning that although a protein and its DNA are not structurally similar, they are correspondently linked via the genetic code.⁴² The Board concluded that no evidence existed that one skilled in the art, knowing the amino acid sequences of the desired proteins, would not have been able to predictably clone the desired DNA sequences without undue experimentation.⁴³

The Federal Circuit stated that knowing the structure of a protein may allow one to use the genetic code to hypothesize possible structures for the corresponding gene and that one thus has the potential for obtaining that gene.⁴⁴ The appeals court recognized, however, because of the degeneracy of the genetic code, a vast number of nucleotide sequences that might code for a specific protein exist.⁴⁵ In the case at hand, the applicants argued that the amino acid sequences disclosed by the cited reference could be coded by for more than 10^{36} different nucleotide sequences, only a few of which are the human sequences *64 that the applicants had claimed.⁴⁶ As a result, "given the nearly infinite number of possibilities suggested by the prior art and the failure of the cited prior art to suggest which of those possibilities is the human sequence, the claimed sequences would not have been obvious."⁴⁷ Thus, an established relationship in genetic code between a nucleic acid and the protein it encodes does not make a gene *prima facie* obvious over its corresponding protein.⁴⁸

VII. Best Mode Disclosure Required in Continuation Application: *Transco Products, Inc. v. Performance Contracting, Inc.*⁴⁹

The district court held that a patent regarding thermal pipe insulation for use in a nuclear reactor containment area was invalid for failure to disclose best mode information.⁵⁰ Plaintiff, Transco Products, Inc. brought an action against patentee, Performance Contracting Inc. and Performance Contracting Group, Inc., alleging that the patent for thermal pipe insulation

for use within nuclear reactor containment areas was invalid for failure to disclose best mode information.⁵¹

A question was raised as to whether or not Pinsky, the inventor, was obligated to reveal the best mode known at the time the continuation application was filed. The district court stated that the best mode disclosure requirement served the public policy of mandated maximum disclosure by the inventor and made disclosure of the best mode a precondition to acquiring a legal monopoly.⁵² The district court said that if information as to the best mode of practicing the invention is added to an application merely to clarify but not to modify the originally disclosed invention, such an addition is entirely proper within a continuation application in that it is not really new matter and therefore does not convert the continuation application into a continuation-in-part application.⁵³

On the other hand, the district court said if the best mode information amounts to a material addition or variance from the original disclosure, then the original application did not properly cover the new best mode.⁵⁴ Therefore, the district court held that the same best mode disclosure requirements applied to a continuation application as with an original filing.⁵⁵

VIII. Repeated Replacement of Worn or Broken Parts Constituted Permissible Repair: *FMC Corp. v. Up-Right, Inc.*⁵⁶

The manufacturer of grape picking heads brought action against a manufacturer of grape harvesters to recover damages for infringement which occurred as a result of reconstructing grape picking heads. The defendant Up-Right, Inc. (“Up-Right”) sold both grape harvesters, which are large vehicles which drive along rows of grapes shaking grapes from the vines, and grape picking heads, which are the portion of the harvester that comes in contact with the vines. Up-Right sold replacement parts for their products. *65 Plaintiff FMC Corporation (“FMC”) had entered into a settlement agreement with Up-Right wherein Up-Right could not make, have made, reconstruct, use, or sell any rotary pulsator picking head other than certain picking heads already in Up-Right’s possession. The settlement agreement did give Up-Right the right to use, repair, and resell those picking heads; however, no right to reconstruct the heads was given.⁵⁷

The district court stated that reconstruction involves the making of a whole new article, after the original article, viewed as a whole, has become spent, and whether repair or reconstruction has occurred depends upon a number of factors.⁵⁸ The district court addressed the question of whether sequential repairs of broken or worn parts can, at some point, become impermissible reconstruction, regardless of whether the entire combination, at any time, has been spent.⁵⁹ The court held that the replacement of worn or broken parts, including replacement of the same parts repeatedly and different parts at different times, constituted permissible repair, unless the patented combination, viewed as a whole, is, at the time of repair, spent based upon objective comparison of the proportion of original to replaced parts.⁶⁰

Footnotes

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¹ 982 F.2d 1527, 25 U.S.P.Q.2d (BNA) 1241 (Fed. Cir. 1993).

² *Hayes*, 982 F.2d at 1533-34.

³ *Id.* at 1530.

⁴ *Id.* at 1533.

⁵ *Id.* at 1534.

⁶ *Id.*

⁷ *Id.*

8 113 S.Ct. 1967, 26 U.S.P.Q.2d (BNA) 1721 (1993).

9 *Cardinal Chemical*, 113 S.Ct. at 1971.

10 *Id.*; *see generally id.* at 1971-78 [syllabus].

11 *Id.* at 70.

12 *Id.*

13 *Id.* at 1974.

14 *Id.* at 1975.

15 *Id.* at 1976.

16 *Id.* at 1978.

17 *Id.*

18 *Id.* at 1977 (citing *Cover v. Schwartz*, 133 F.2d 541 (2d Cir. 1943)).

19 *Id.* at 1978 (citing *Blonder-Tongue Laboratories, Inc. v. University of Illinois Found.*, 402 U.S. 313, 169 U.S.P.Q. (BNA) 513 (1971)).

20 988 F.2d 1117, 25 U.S.P.Q.2d (BNA) 1913 (Fed. Cir.).

21 *L.A. Gear*, 988 F.2d at 1121.

22 *Id.* at 1120-21.

23 *Id.* at 1124.

24 *Id.*

25 *Id.*

26 *Id.* at 1125.

27 *Id.*

28 815 F. Supp 793, 26 U.S.P.Q.2d (BNA) 1800 (D. Del. 1993).

29 *Rohm & Haas*, 815 F. Supp. at 795.

30 *Id.*

31 *Id.*

32 *Id.* at 796-97.

33 *Id.* at 797.

34 *Id.*

35 *Id.*

36 993 F.2d 858, 26 U.S.P.Q.2d (BNA) 1767 (Fed.Cir. 1993).

37 *Wang Laboratories*, 993 F.2d at 869.

38 *Id.*

39 *Id.* at 870.

40 991 F.2d 781, 26 U.S.P.Q.2d (BNA) 1529 (Fed. Cir. 1993).

41 *Bell*, 991 F.2d at 783.

42 *Id.*

43 *Id.*

44 *Id.* at 784.

45 *Id.*

46 *Id.*

47 *Id.*

48 *Id.*

49 821 F. Supp. 537 (N.D. Ill. 1993).

50 *Id.* at 554.

51 *Id.* at 539.

52 *Id.* at 541.

53 *Id.* at 549.

54 *Id.*

55 *Id.*

56 816 F. Supp. 1455, 28 U.S.P.Q.2d (BNA) 1103 (N.D. Cal. 1993).

57 *FMC*, 816 F. Supp. at 1457.

58 *Id.* at 1462.

59 *Id.* at 1464.

60 *Id.* at 1467.